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THE QUESTS FOR ECONOMIC STABILITY  
AND EQUAL EMPLOYMENT OPPORTUNITY

Remarks by

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I am delighted to have been invited to share in this year's renewal of our basic dedication to the campaign for equal opportunity in America. Over the last decade, the National Urban League through this annual event (which brings together so many of the leaders of commerce, industry, finance, organized labor and public affairs in the Nation) has provided a symbolic recognition of the progress we are making. It has also provided a constructive forum in which to consider the demands of the unfinished tasks ahead.

However, as I explore the prospects for equal employment opportunity over the period immediately ahead, my delight with the chance to participate is dampened considerably. Sadly -- but honestly -- I have concluded that the outlook for further, substantial progress in the effort to broaden and deepen job opportunities for minority groups is less promising than it was even as recently as a year ago. The reasons for this more cautious view can be expressed succinctly:

- During the last few years, the campaign for equal opportunity was sustained and strengthened by a rapidly growing economy. In such a buoyant environment, nonwhites filled a sizable share of the newly created jobs in private industry, and re-training and upgrading of existing employees occurred on a wide scale.
- Now, however, the critical need is to moderate the pace of economic expansion in order to counter inflationary pressures. With such a moderation, the over-all demand for labor would be less strong. While the scope for innovation in the search for equal opportunity would certainly still exist, it may be narrowed appreciably.

Yet, having expressed some uncertainty about the short-run future of the movement for equal employment opportunity, let me hasten to say that I do not consider such an outcome inevitable. On the contrary, I believe that --

despite the necessity to pursue an anti-inflationary policy for the good of the country as a whole -- we can also fashion programs and marshal the resources required to continue our forward strides in the quest for equal opportunity. I am confident that -- in both the private and public sectors -- all of us are fully committed to this mission and will make the effort needed to continue the momentum built up in the recent past.

Moreover, I also want to make it clear that, in stressing the need to orchestrate policies aimed at economic stability with policies directed at human resource development, I do not question the desirability of a vigorous counter-attack on inflation. Such an effort has been needed this year, and -- from the evidence currently in hand -- it will be needed in the year ahead. Rather, I do wish to emphasize that the pursuit of a policy of economic restraint -- a pursuit clearly in the national interest -- simultaneously requires an extra effort to ensure that the burden of restraint does not fall unduly on those elements in the labor force least able to bear it. We should be especially sensitive to the hopes and expectations of young people seeking jobs for the first time; to the hopes and fears of blue collar workers whose job security traditionally has been far too tenuous; to the hopes of the less-skilled for a chance to improve themselves; to the hopes and faith of nonwhites and other minority groups that the goal of equality of opportunity can be made a reality in a growing and prosperous economy.

To be successful in the exercise of restraint with sensitivity, we must give careful attention to the probable impact of a reduced rate of economic growth on particular industries. This is necessary because of the disproportionate representation of nonwhites, blue collar and low-skilled workers in

industries with a high degree of susceptibility to variations in aggregate demand. Furthermore, this pattern of concentration implies that -- given the level of over-all restraint required in the national interest -- the combination of policy instruments (e.g., monetary, fiscal and manpower policies) relied on in the pursuit of stability makes a great difference as far as equality of opportunity is concerned. Just how much of a difference is clearly illustrated by the experience this year when monetary policy has borne a large share (and perhaps too large a share) of the task of economic stabilization: while the effects of monetary restraint have probably been more wide-spread and deep-rooted than is currently evident because of the time lag in the statistics, there is no doubt that the impact on housing and the construction industry has been considerable. Because construction and related industries have a heavy concentration of low-skilled and nonwhite workers, these groups have also felt early and sharply the shift from a policy of economic stimulus to one of restraint. Thus, unless we are willing to aggravate imbalances such as these, I think it is essential that we remain highly conscious of the ways in which different policy prescriptions to counter inflation affect particular segments of the population.

In the rest of these remarks, I will appraise more fully:

- The contribution which an expanding economy has made in the campaign for equal opportunity.
- The dimensions of the unfinished tasks before us.
- The dilemma of economic restraint and the quest for equal opportunity, with particular attention to the possible short-run consequences of a rate of growth in the neighborhood of 4 per cent.

Finally, I wish to examine a somewhat paradoxical feature of the employment of nonwhites which may be of special interest to the leaders of

commerce and industry: a disproportionate share of the middle class job opportunities open to nonwhites has been provided by the public sector as opposed to private enterprise. In a free enterprise economy, this situation should be a source of embarrassment to all of us.

### The Evidence of Widening Opportunity

The last several years of economic expansion have been the best years in our history for the American Negro. The record increases in employment since the current expansion began early in 1961 have provided employment opportunities for virtually all segments of the working population, and the Negro worker has shared at least proportionately in the over-all advance. In fact, in the aggregate, Negroes have shared better than average: fully one million additional jobs were found by nonwhite workers between 1961 and 1966. This was one-seventh of the total rise in employment, although nonwhites constitute about 11 per cent of the labor force.

These employment gains have been reflected in a number of important ways:

- The unemployment rate for nonwhite workers has dropped significantly during this period, from 12 per cent in January, 1961, to 7.6 per cent in October of this year. For white workers, the comparable decline was from 6 per cent to 3.4 per cent. The unemployment rate for nonwhite adult men declined to nearly 4 per cent this year, the lowest level since these data first became available in 1954. This rate was close to 8 per cent in 1964 and nearly 12 per cent in 1961.

Not only has the current prosperity resulted in important gains in employment for nonwhite workers, but a significant upgrading of occupations has

also occurred. A larger proportion of nonwhite workers is now working in professional and technical jobs (6.7 per cent in 1966 as compared with 4.7 per cent in 1960) and in skilled and semi-skilled jobs (30 per cent now as compared with 26 per cent in 1960). The proportion of nonwhite women working in clerical and similar "white collar" jobs has also risen sharply (from 9.3 per cent to 13.2 per cent), and there has been a noticeable drop in the proportion doing household service work (from 35.1 per cent to 28.2 per cent). Among nonwhite men, there has also been a decline in the proportion of workers doing unskilled labor on farms and in nonfarm activities.

In addition to the improved employment situation for nonwhites, significant progress is also shown in the sizable rise in personal income. According to the Bureau of the Census, the median income for nonwhite families amounted to \$3,971 in 1965, the latest year for which such data are available. This was an improvement of 23 per cent since 1960, about the same as the rate of increase for white families.

Perhaps one of the most striking examples of widening economic opportunity for nonwhites during the current prosperity is found in the escape from poverty. If we accept an annual income of \$3,000 as a rough guide to poverty status, the number of Negroes crossing that line is truly impressive. In the last five years, the proportion of Negro families classified in the poverty category declined from almost half to less than two-fifths. During the same period, the proportion of poor white families dropped from just under one-fifth to about one-seventh. What is more striking, these improvements occurred in the face of a sizable growth in the number of Negro and white families. Over the five-year period, the total number of nonwhite families rose by more than 10 per cent, and the number of white families expanded by less than 6 per cent.

### The Contribution of Economic Growth

But if the point is made that the gains in employment and income, and reduction in unemployment for nonwhites have in general been comparable to the gains of the white population and labor force, it is particularly significant to note that the overwhelming proportion of these gains has occurred only in the last few years. As the over-all economic expansion accelerated during 1961 and 1962, white workers found increased employment opportunities at a rapid pace, but it was only after a substantial lag that nonwhites had an opportunity to share in the gains. In fact, significant improvement in their employment situation was not noticeable until 1964 -- fully three years after the beginning of this expansion. Of course, this lag in the improvement of nonwhite employment is not a new phenomenon. It is explained largely by the fact that over the years -- and frequently even today -- nonwhites have been "the last-hired-first-fired." The disadvantages of poor and inadequate education and lack of training, compounded by discrimination, tend to make many Negro workers a poor second choice for employers when jobs begin to open up. So long as a plentiful supply of better educated, better trained-- and white -- labor is available, nonwhite employment gains have tended to be small. It is only after the supply of other labor begins to be depleted that employers typically have turned to hiring Negro workers in any large numbers.

But there is another reason for the recent surge of nonwhite employment growth -- a reason which has significant implications for our economy in the near future. For it has only been in the last few years that the rate of growth of the national economy has been adequate to provide the broad expansion of activity needed to generate significant numbers of new employment opportunities for Negro workers.

As I mentioned earlier, 1964 marked the first genuine participation of nonwhites in the current prosperity. This is by no means accidental, because 1964 was also the year of the single most significant fiscal action in recent economic history designed specifically to stimulate economic activity -- the tax reduction of early 1964. Reflecting this action as well as the previous liberalization of the depreciation guidelines and the introduction of the 7 per cent investment tax credit, the rate of national economic growth (after allowing for price changes) advanced from an average of about 4-3/4 per cent in the two years 1962 and 1963 to an average of 6 per cent in the two years immediately following. And it was this shift in gears in the economy which has made a profound difference in the employment growth for almost all sectors of our work force. From a level that was adequate only to meet labor force increases and offset the disemployment impact of productivity -- and thus to hold unemployment just stable -- the rate of growth climbed to a level sufficient to generate hundreds of thousands of extra jobs each year -- and to reduce unemployment significantly.

The impact of this higher rate of growth on Negroes, young workers and unskilled workers was particularly impressive. As unemployment declined generally and the labor market tightened, these workers, for virtually the first time in a decade, had an opportunity to improve their employment situation significantly.

Let me illustrate: in 1963, despite two years of substantial economic growth, the unemployment rate of nonwhite men was still 9.2 per cent; the unemployment rate for nonwhite women was 9.4 per cent; and the unemployment rate for Negro youth had risen to 28 per cent. Between 1961 and 1963, the number

of employed nonwhite workers increased by 300,000; in the next two years, the number of jobs gained by nonwhite workers jumped by over half a million -- almost double the average increase of the previous two years. The years 1964 and 1965 saw the first increase of any significant amount in the employment of nonwhite teenagers; the annual rate of increase in their employment averaged an impressive  $7\frac{1}{2}$  per cent between 1963 and 1965; in the previous two years there had been an actual decline in the number employed and some actual increase in their unemployment.

Thus, it appears that an acceleration in the rate of growth itself has made a significant contribution to providing employment opportunities for what have been sometimes called the more marginal workers in the labor force -- nonwhites, teenagers, and the less skilled. There are two major dimensions to the impact of a higher rate of economic growth. For if the pace of economic activity is slow, not only are aggregate employment changes insufficient to reduce total unemployment, but the areas of employment growth tend to be concentrated in those industries and occupations which provide relatively few job opportunities for nonwhites, young workers and the unskilled. It was not until the extremely rapid economic expansion of late 1963, 1964 and 1965 provided the major gains in the manufacturing and construction industries and the related blue collar occupations that employment opportunities were opened to nonwhite workers in any large numbers.

### The Unfinished Tasks Ahead

The foregoing evidence clearly suggests that most groups in the labor force have shared substantially in the benefits of a growing economy. But the over-all rate of unemployment -- be it 5 per cent, 4 per cent or 3 per cent -- measures only one dimension of our total unemployment problem. Another

dimension -- in many ways much more significant than the aggregate -- is defined by the very substantial unemployment differentials among different groups in the labor force. The 4 per cent unemployment goal that we have achieved, and sustained now for more than half a year, is an amalgam of about 2 per cent unemployment for white adult males and about 3 per cent for white women -- but about 5 per cent for nonwhite men,  $6\frac{1}{2}$  per cent for nonwhite women, and over 25 per cent for nonwhite teenagers.

Obviously, 4 per cent unemployment is an unacceptable goal for the long-run, if as it currently does, it implies a perpetuation of substantial disparities in unemployment between white and nonwhite, skilled and unskilled, young and inexperienced and more mature workers. The expansion of the last six years, even the outstandingly rapid growth of 1964 and 1965, has not affected a significant reduction in these differentials. Nonwhite workers still have an aggregate unemployment rate double that of white workers -- a situation that has prevailed for over a decade. The unemployment rate for nonwhite workers moved from about 1.6 times that of white workers in 1947-49 to about 2.2 times as high in the 1955-57 period, and has remained in the range of between 2.0 and 2.2 times as high ever since. In fact, last month, in October 1966, the unemployment rate of nonwhite workers at 7.6 per cent was still 2.2 times as high as the 3.4 per cent unemployment rate of white workers. Thus, the experience of recent years clearly suggests that the return to lower rates of unemployment in the country as a whole does not guarantee amelioration of the special problems which make for high differentials between groups.

Nor has the aggregate prosperity of the Nation at large breached the walls of the Negro ghettos. During the summer of 1965, while I was still Assistant Secretary of Commerce, President Johnson sent me to Los Angeles as a

member of his three-man Task Force to investigate the riots in Watts and adjacent areas of south Los Angeles. As part of that assignment, I recommended a special Census Bureau survey of the Watts area and several other sections of the city in which the population was predominately either Negro or Mexican-American.

The results of that census -- while now familiar -- are still appalling. The survey uncovered a consistent pattern of high unemployment, low incomes and a high percentage of broken families and substandard housing. About one out of every ten male Negro workers was unemployed in south Los Angeles. Despite the existence of national prosperity, between 1960 and 1965 the unemployment rate in the area was essentially unchanged. For males it was 11 per cent in 1960 and 10 per cent in 1965. In contrast, the unemployment rate for nonwhite males in the Nation as a whole declined from 12 per cent in 1960 to 6 per cent in 1965. Moreover, the purchasing power of the typical nonwhite family in south Los Angeles declined by over \$400 over a period in which the typical American family income was growing by 14 per cent. Although we have no similar data for other urban areas, the general experience of Watts was probably duplicated in other Negro ghettos. Thus, beneath the continuation of general prosperity, the benefits have been unequal and unevenly shared.

It is clear that while reduction in the overall rate of unemployment is a critical objective, it remains only one part of the job. It must be matched with efforts to reduce the differentials in joblessness among the various sectors of the population, especially those which reflect serious disadvantages of inadequate or poor schooling, of lack of training and skills, of poor health, or of discrimination.

The Dilemma of Economic Restraint and Equal Opportunity

But despite this agenda of unfinished and pressing business of developing our human resources, we have now reached a critical juncture in the management of aggregate demand. During the last year -- in the face of an unfortunate conjecture of rising government expenditures to sustain the military effort in Vietnam and a vigorous expansion of private demand at home (focused particularly in business capital formation) -- the prime objective of economic policy has been to curb the expansion of aggregate spending to ease inflationary pressures. There is no need to repeat here the details of the policy shift from stimulation to restraint. It will be recalled that, in the early days of last December, monetary policy made an explicit turn toward tightness -- which became more intensive as the new year unfolded -- especially through the summer months. Fiscal policy also shifted gears -- although here the turn was considerably more modest. During the late Winter and Spring, modest tax increases were made effective -- consisting primarily of a restoration of previous reductions in excise taxes on automobiles and telephone service, the introduction of a graduated withholding system for the personal income tax, and an acceleration of corporate tax payments. Moreover, in the early Fall, the 7 per cent investment tax credit was suspended temporarily.

But now the key question concerns the shape and content of the policy required for the year ahead. Let me say immediately that I do not wish to use this forum to add my voice to the mounting debate over what national economic policy should be for 1967. Naturally, as a Member of the Federal Reserve Board, I am making every effort to keep abreast of economic developments, and I obviously have an interest in the formulation and execution of a policy possessing

an optimum combination of fiscal and monetary measures. However, official machinery does exist for the evolution of such a policy -- machinery that involves consultation and coordination among the key policy-making agencies in the Administration (e.g., the Council of Economic Advisers, the Treasury Department and the Bureau of the Budget). Appropriately, the Federal Reserve Board participates in this process at both the official and staff level. Moreover, this exchange of views is not confined to a few formally called and carefully planned interagency meetings. Rather, there is a more or less continuous dialogue, much of it informal. Given these opportunities, I am confident that our views will be carefully considered. Thus, I do not feel personally the need to provide publically a specific prescription for national economic policy in the year ahead.

Instead, I would like to weigh the consequences for the equal opportunity movement of a particular rate of economic growth which has already been suggested as a reasonable target for 1967. The Chairman of the Council of Economic Advisers recently observed that it may be necessary to keep the rate of expansion in real gross national product (GNP) to about 4 per cent next year, if the rise in the price level is to be held to an acceptable limit. The CEA Chairman also stated that a real growth rate of 4 per cent should be sufficient to prevent the over-all unemployment rate from rising above the interim target of 4 per cent. I do not wish to debate this proposition, although I am aware of the fact that several assessments have already appeared which suggest that a 4 per cent growth in real GNP may result in a level of total unemployment in the neighborhood of  $4\frac{1}{2}$  per cent. Rather, for the purpose of the following analysis, I will accept what might be called the interim "4 by 4" proposition -- 4 per cent real growth consistent with 4 per cent unemployment.

What, then, does such a short-run target imply as to the probable effects on nonwhites, blue collar workers and youth?

The Differential Impact of Changes in the Rate of Growth

An answer to this question is suggested in the results of a number of studies of the relationship between changes in real GNP and employment. Several years ago, Arthur Okun, now a member of CEA, undertook such an examination. Among other results, he found that, for the economy as a whole, a 4 per cent rate of growth was about the minimum required to absorb the increase in the labor force and to compensate for disemployment associated with improvements in productivity. From this minimum rate, each 1.0 per cent increase in real GNP reduced unemployment by about 0.30 per cent.

While I was still Assistant Secretary in the Department of Commerce, some of my associates and I undertook a study similar to Okun's -- but concentrating on the behavior of unemployment rates for nonwhites in response to changes in real GNP during the years 1954-65. We also found that a 1.0 per cent growth in GNP would reduce aggregate unemployment by about 0.30 per cent. However, the total nonwhite unemployment rate is far more sensitive to changes in GNP than is the total or white unemployment rate. For a 1.0 per cent increase in real GNP, the nonwhite unemployment rate decreases by roughly .47 per cent, or about half again as fast as that for whites for whom the decline amounts to 0.26 per cent. For nonwhite men over 20 years old, the reduction was 0.56 per cent compared with 0.28 per cent for white men in the same age group. For nonwhite adult women, the decline was 0.31 per cent and for white women 0.21 per cent. The teenage unemployment rate tends to be more sensitive than the unemployment rate for adults -- for both white and nonwhite workers, the decrease being 0.61 per cent for nonwhite youths and 0.30 per cent for white youths.

Thus, for the economy as a whole, an average growth rate in the neighborhood of 4 per cent in GNP appears to be the "break-even point" -- the point above which significant gains in aggregate employment, and reductions in unemployment, are made -- and below which a deterioration in the over-all employment situation tends to take place. But, given the present configuration of factors shaping employment conditions of nonwhites -- a mixture of educational disadvantage, low-skill development and discrimination -- the national break-even point may mean not simply a slackening in the pace of improvement, but an actual halt in further progress, and even some rise in unemployment for nonwhite workers.

### The Short-run Outlook

Against this background, the contours of the difficulties ahead are readily evident. The nonwhite labor force is increasing at a rate substantially faster than for whites -- in fact, about 25 per cent faster, and the rate of increase of nonwhite males in the labor force is half again as fast as that of white males. Thus, a higher rate of nonwhite employment growth is necessary merely to match the higher rate of labor force growth. Secondly, as we have noted, nonwhite men are heavily concentrated in the goods-producing industries and in blue collar occupations. On the average, a rate of growth of 4 per cent in real output in the postwar years has been associated with an increase in employment of just under 1.0 per cent in goods-producing and related industries -- such as manufacturing, mining, construction and transportation. The increase in blue collar occupations

associated with a 4 per cent rise in output has been even less -- under 0.75 per cent. By comparison, the recent rate of labor force growth for nonwhite workers has averaged about 1.5 per cent per year. Thus, nonwhite workers who would generally benefit substantially when these industries and occupations are expanding at high rates tend to be adversely affected when the economy -- and these industries -- is growing at a more modest rate.

The employment experience of the last nine or ten months illustrates rather graphically the differential employment and unemployment impact of a slow-down to 4 per cent in the rate of growth of the economy. After rising sharply throughout most of 1965 and into the first quarter of 1966, the rate of growth of GNP has slowed down significantly in the last half year. Taking the last three quarters as a whole -- that is from the fourth quarter of 1965 through the third quarter of 1966 -- the annual growth rate of real GNP averaged about 4 per cent. During these months, the rate of growth in total employment dropped from 3.1 per cent in 1965 to 2.2 per cent in the most recent period. The impact on employment growth of nonwhite workers was particularly dramatic: for nonwhite adult men the rate of employment growth declined sharply, from 2.8 per cent in 1965 to 0.4 per cent in 1966. For nonwhite women, the rate of employment growth dropped from 4 per cent to 0.2 per cent. These differential changes were also reflected in the distribution of employment gains by skill. Blue collar workers as a whole had increased by over 4 per cent in 1965; in 1966 their rate of employment increase dropped to  $1\frac{1}{2}$  per cent. Skilled workers continued to expand in 1966 at virtually the same rate as the previous year, but the rate of growth for semi-skilled workers dropped from 4 per cent to 1.7 per cent, and the number of unskilled jobs, which had risen by 5.2 per cent in 1965, actually declined by  $3\frac{1}{2}$  per cent in 1966.

As far as nonwhite men are concerned, some of the smaller expansion in employment this year can be traced directly to the slower pace of construction activity. Historically, construction and related industries have been prime sources of employment opportunities for Negro men. For example, during the first nine months of this year, average employment of nonwhites in construction amounted to 10 per cent of the total. In construction-related manufacturing sectors, they constituted 9 per cent of the employment in lumber and 12 per cent in stone, clay and glass. Thus, with the persistent decline in construction activity, a considerable share of the adverse employment effects has been borne by nonwhites. Between March and September of this year, the number of new jobs available in construction has grown by only 200,000, compared with half a million in the same period a year ago. Since the number of white men employed in construction jobs rose by 240,000, there was a net decline of 40,000 in the number of jobs held by nonwhites. In fact, the impact on nonwhites was even more severe, because in the March-September period of 1965, nonwhite employment had risen by 80,000 (representing 16 per cent of the total gain). Thus, the 1966 employment change for nonwhites was equivalent to a short-fall of 120,000 jobs, compared with the employment during the first nine months of 1965.

As might be expected, the impact of the general economic slowdown on unemployment was virtually a mirror image of the change in the rate of employment growth. Although there was some continued reduction in over-all unemployment during the last three quarters, the improvement was very much less than during the previous year. Moreover, no further improvement at all occurred in the unemployment rate of the least skilled blue collar workers and teenagers.

And for nonwhites, the unemployment rate, which had declined to 7.0 per cent in April, rose to 8.2 per cent in August and was still 7.6 per cent in October.

Thus, the experience this year has already provided a clear prelude to what may lie ahead -- in the absence of an intensification of the drive to make equal opportunity truly meaningful.

### Policies to Combat Structural Unemployment

So, to what policies can we turn? The answer, of course, is inherent in the nature of the problems that we have been discussing. The solutions lie in the kinds of programs urged by the National Urban League for decades. Over the years, economists have come to call these structuralist programs -- programs for improvement of basic education; for better vocational training; for retraining the provision of counseling and guidance and family services; for the improvement of the health of the disadvantaged. And critically important, it means efforts for breaking down the barriers of discrimination (in both labor unions and business firms) that keep too many workers from reaching their employment potential.

Most recently the Chairman of CEA, in stressing the need to moderate the growth of aggregate demand, also emphasized strongly the necessity to move ahead in the attack on structural unemployment. I not only agree, but I think the urgency may be even more pressing than he suggested.

The nature and magnitude of the employment problems defined as structural can be documented from a review of our recent employment experience, and so too can the efficacy of some of the solutions offered. It has long been

recognized that unemployment rates are inversely related to the educational attainment of the labor force; that is, the unemployment rate tends to decline sharply with rising educational advancement. Over the last several years, we have had dramatic evidence of the fact that in a period of prosperity, with rising education, nonwhite workers can narrow substantially -- and in some cases close -- the employment gap between themselves and white workers. Between 1962 and 1965, for high school dropouts, there was no change in the ratio of unemployment of nonwhite to white workers, the ratio remaining slightly over 2:1. But for high school graduates, the ratio dropped significantly from 2.7 times as high in 1962 to 2.2 times as high in 1965. And for workers with at least one year of college, the unemployment ratio dropped from 2.5 times as high in 1962 to equality in 1965.

Of course, a recognition of the need for these specific programs has existed for some time in both the private and public sectors. For example, this recognition was reflected as early as 1962 in the passage of the Manpower Development and Training Act, designed to train and retrain unemployed workers; in the additional assistance to occupational training provided in the Vocational Training Act of 1963, and in the support for education provided in the Education Acts of 1963 and 1965. But these programs, as well as programs in health and other fields which will reduce the disadvantages associated with structural unemployment, need to be expanded and strengthened substantially. This effort will certainly require the support of the vitally-placed cross section of the public represented in the audience.

#### Middle Class Employment in the Public Sector

I turn now to my last subject in these remarks on the outlook for further progress in the provision of equal opportunity. As mentioned above,

nonwhites have found in the public sector a disproportionate share of the better jobs they now hold. The evidence to document this observation is shown in abundance in the 1960 Census of Population. Although a few of the details may have changed since then, I am confident that the broad picture is most probably the same.

For example, in 1960, public employment (consisting of jobs in Federal, State and local government, and non-profit, welfare and religious organizations) accounted for about 10.2 per cent of total employment. The percentage of nonwhites so employed was essentially the same (9.9 per cent). However, about 35 per cent of all the professional and technical workers were employed by Federal, State, and local government agencies and non-profit organizations. In contrast, about 57 per cent of the nonwhite professional and technical workers were on public rather than private payrolls. Of course, these over-all figures were heavily weighted by the inclusion in the professional categories of both white and Negro women who were employed as public school teachers.

But leaving aside those engaged in public education, the much heavier dependence of the nonwhite middle class on public employment is still striking. For instance, about 1 in 8 of all salaried managers worked for public institutions, but the ratio was 1 in 5 for nonwhites. About 17 per cent of the nonwhite engineers in 1960 worked for government bodies compared with only 7 per cent for white engineers. The picture was even more striking for accountants: one-third of all the nonwhite accountants were on public payrolls compared with only 13 per cent for white accountants. Some 22 per cent of nonwhite chemists were employed by public agencies, compared with only 15 per cent of the white chemists.

Clerical workers provide the most striking example of all. In 1960, 39 per cent of all nonwhite women employed as secretaries, stenographers, and

other types of clerical workers were on the public payroll. Only 14 per cent of the white women employed as clerical workers were on the public payroll. Moreover, while nonwhite women represented less than 4 per cent of all of the women with such jobs, they accounted for 10 per cent of those employed by public and non-profit agencies.

The moral of this story should be clear and obvious: so far the private sector has afforded for nonwhites relatively few middle class employment opportunities. Instead, nonwhites for the most part have been hired predominately in those jobs requiring little skills and providing few steps for advancement. While the situation has undoubtedly changed somewhat since 1960 -- as more and more employers adopt equal employment programs and broaden opportunities for training and upgrading -- the basic profile still holds. Thus, in 1965, there were about 6.7 million Negroes over 18 years old holding jobs -- the vast proportion of which were in the private sector. Of the total, 2.2 million were service workers, and 1.5 million were operatives and similar employees possessing relatively few skills. Just under 1 million were laborers; another 333,000 were farm workers, and about 428,000 were craftsmen, foremen, and similarly skilled blue collar workers. Given this heavy concentration, nonwhites (who make up about 11 per cent of the total labor force) represented one-third of all the service workers; one-fifth of operatives and 13 per cent of all the laborers in the work force.

Since public employment cannot provide the long-run, meaningful job opportunities for nonwhites -- any more than for whites -- the direction in which we must look is also clear and obvious: we must look to the private sector.

Concluding Remarks

However, at this point the challenge shifts back to the community at large -- Negro as well as white, public as well as private. The sad truth is -- at least during the last few years -- the opportunities for nonwhites to fill meaningful jobs in the private sector have been expanding more rapidly than the supply of candidates. Here the legacy of segregation and discrimination continues to exact its toll: since few opportunities existed in the past, few nonwhite youth have chosen to run the risk of preparing for careers beyond the shelter of the traditional (frequently segregated) professions -- such as medicine, law, teaching, etc. Thus, the shortage, and thus the frequently heard lament about the slow response to opportunities already provided by many corporations on an equal basis.

The question of how to attack this task -- how to fill the nonwhite "job gap" in the higher occupations -- is occupying some of the best minds in the Nation. In fact, it is the central theme of the Urban League's Skills Banks and similar programs developed by other organizations. In the meantime, in every city throughout the land, thousands of businessmen (white and Negro), including virtually everyone in this audience are no longer simply talking about the problem; they are working at it. They are working with community and civil rights leaders, with teachers and social workers, with government officials and trade union leaders -- and with many other builders who are reshaping and reconstructing the fabric of American society.

Even if I tried, I could add little to your tool kit or to the blueprints which guide you. But it should be obvious to all of us that a necessary element undergirding and sustaining the entire effort is the cooperative spirit -- between whites and nonwhites (and not the strident appeals of racists and separatists) -- among government, industry, labor and private organizations --

as evidenced in this audience. I am honored that, at least in a small way, I am privileged to play even a small role in this great enterprise.